



SOUTHERN PACIFIC ON TRACK TO SUBMIT FIRST OIL SANDS APPLICATION BY MID-2009

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Calgary, Alberta - Southern Pacific Resource Corp. (“Southern Pacific” or “the Corporation”) (TSX-V:STP) is pleased to provide an update on its development plans for its first oil sands project on its McKay block in the Fort McMurray region of northern Alberta.

After a successful 32-well coring program at McKay this past winter, Southern Pacific has assembled a project team to prepare its first in-situ steam assisted gravity drainage (SAGD) project application. This team consists of Southern Pacific staff and consultants with demonstrated abilities to design, apply for and construct commercial SAGD projects.

Throughout the first half of 2008, this team has been engaged in completing the necessary work required for an application that will be submitted to the Energy Resources Conservation Board (ERCB) and Alberta Environment. The anticipated timing for this submission remains on schedule for the second quarter of 2009.

Environmental Perspective

The initial base line data was collected in July 2008 and a central processing facility site was selected. The plant site is flat, unforested, and in an area where non-commercial bitumen deposits exist so as not to sterilize recoverable deposits by rendering them unrecoverable. Cap rock studies have also been completed to ensure the integrity of the SAGD process. Both the laboratory analysis and geologic mapping support high quality cap rock over the project area. A water source study has been completed and locations have been selected to drill and test the potential water sources during the winter of 2008/2009.

Technical Process Planning

A number of initiatives have been completed or are well underway. Reservoir simulation work is in progress and the initial results are encouraging. Based on the results, engineers have now prepared their first draft of the facility design study. The initial three wellpads have been tentatively selected and designed to bring production levels to 10,000 barrels per day (bbl/d) of bitumen. It is anticipated that up to seven SAGD well pairs will be drilled on each pad, totaling 20 SAGD well pairs for the initial start-up. The final engineering Design Basis Memorandum should be completed by the end of October.

Infrastructure planning has also begun. Discussions with Alberta Sustainable Resource Development and surrounding lease owners have determined an acceptable route for an all-weather road into the area. It is expected that portions of the road cost will be shared by a number of industry partners. An application for a fuel gas delivery point has been made to TransCanada Pipelines. There is a gas transmission line within eight miles of the project site. Discussions with ATCO for power have been initiated and a number of parties have expressed an interest in participating in a cogeneration (COGEN) facility on the site. A COGEN facility would be very complementary to the SAGD process because the steam that is a by-product of the facility can be used to supplement SAGD steam injection requirements.

The Corporation has placed effective consultation as a top priority for this project, and the stakeholder consultation process for the project is well underway. Several stakeholders are part of our consultation plans including five First Nations, Metis locals, industry representatives, three regulatory bodies and other interested parties. Southern Pacific has the advantage of having already developed positive relationships with these stakeholders through its past winter drilling programs. A public disclosure document will be used in conjunction with Southern Pacific's consultation discussions throughout the fall and winter and will appear on the Corporation's website when completed.

The plans for winter 2008/2009 activity in McKay have been finalized. At least 28 additional delineation wells will be drilled in and around the six-section project area to fully define the underlying bitumen resource. This will bring the density of drilling in the project area to eight wells per section. A 3D seismic program will be shot over the project area to further enhance the definition of the resource. The necessary equipment to complete this work has been secured and applications will be submitted over the next month. This work must be completed prior to the project application submission as required by the ERCB. Operations in the field will commence shortly after freeze up and are expected to be completed by mid-March 2009.

The Corporation had working capital of \$19.5 million as of June 30, 2008. The anticipated net cost of the above McKay project activities is budgeted at \$14 million. Based on this estimate, all of the above activities would be funded through Southern Pacific's working capital. The Corporation expects to deliver an application to the ERCB and Alberta Environment in the second quarter of 2009.

Once the application has been submitted, provided there are no outstanding issues surrounding contingent resources at McKay, Southern Pacific's bitumen in this project area would be eligible to be reclassified as Probable Reserves. The Corporation expects to use the cash flow from its initial project to backstop additional in-situ projects on its 112,000 net acres of oil sands leases.

For further information, please contact:

Southern Pacific Resource Corp.
www.shpacific.com

Dave Antony, CEO
Tel: 403-269-5219
E-mail: dantony@shpacific.com

or

Byron Lutes, President
Tel: 403-269-1529
E-mail: blutes@shpacific.com

Safe Harbour

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